GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:106
ANSWERED ON:24.02.2006
IT REFUNDS
Joshi Shri Pralhad Venkatesh

Will the Minister of FINANCE be pleased to state:

(a) the details of the total amount of the money refunded by Income Tax dept. to the assessees of the IT during the last three years i.e., from 2002-03 to 2004-05, State wise, including the year of assessment to which such refund was related;

(b) the steps taken by the Department to ensure correct assessment of tax and timely refunds;

(c) whether the Supreme Court has held that the IT assessees are entitled for compensation for belated refunds; and

(d) if so, the reaction of the Government thereto?

Answer

FINANCE MINISTER (SHRI P. CHIDAMBARAM)

(a), (b), (c) and (d): A statement is laid on the table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a), (b), (c) and (d) OF LOK SABHA STARRED QUESTION NUMBER 106 DUE FOR ANSWER ON 24th FEBRUARY 2006.

(a) Sir, the details of the total amount of money refunded by Income Tax Department to the assessees during the last three years are as follows:

Financial Year	Amount of Refund (in Rupees crore)
2002-2003	22,030
2003-2004	25,737
2004-2005	28,514

The State wise details are not available. Details regarding the year of assessment to which the refunds pertain are not centrally maintained.

(b) Some of the steps taken by the Department to ensure correct assessment of tax and timely refunds are as follows:

(i) Computerized processing of returns to ensure correct computation and speedy issue of refunds.

(ii) Guidelines have been issued by the CBDT to process all the returns and issue refunds within four months of filing of returns.

(iii) Administrative measures like regular inspection by higher authorities.

(iv) Chain audit by Internal Audit and Revenue Audit by the Comptroller and Auditor General (C&AG) to ensure correctness of assessment and refunds.

Further, statutory provisions in the Income Tax Act relating to scrutiny, appeal and revisions are there to ensure proper assessment.

(c) The Income-tax Act provides for payment of interest in cases of belated grant of refunds. In a recent decision the Supreme Court has directed payment of compensatory interest due to delayed payment of interest as sanctioned by the statute.

(d) The consequential order to give effect to the Supreme Court`s decision in the case as at (c) above has already been passed. The decision dated 27.1.2006 of the Supreme Court is currently being examined by the Government.